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Message Text

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13
ORIGIN EB-11

INFO OCT-01 AF-10 ADP-00 GSA-01 OEP-01 INT-08 COME-00

TRSE-00 OMB-01 CIAE-00 DODE-00 PM-07 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 IO-12 /129 R

DRAFTED BY EB/ ISM: JCCURRAN: RDM
5/23/73 EXT. 22231
APPROVED BY EB/ ICD: JBKYLE
AF/ EPS: EQUICK
AF/ E: EJSCHREIBER
---------- 018087
R 232145 Z MAY 73
FM SECSTATE WASHDC
TO AMEMBASSY LUSAKA

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E. O. 11652: N/ A
TAGS: EMIN, US, ZA
SUBJECT: US STOCKPILE COPPER DISPOSAL

REF: LUSAKA 862

1. EMBASSY MAY DRAW ON REFTELS LISTED IN LUSAKA 862 IN REPLYING TO MOFA NOTE ON COPPER DISPOSALS, WITH FOLLOWING ADDITIONAL INFORMATION.

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2. COPPER INVENTORY NOW STANDS AT 258,700 SHORT TONS, NONE RPT NONE OF WHICH HAS BEEN AUTHORIZED FOR DISPOSAL BY CONGRESS. COPPER HAS NOT BEEN RELEASED FROM STOCKPILE SINCE DECEMBER 1966 WHEN IT WAS NEEDED FOR DEFENSE PURPOSES. DRAFT LEGISLATION SUBMITTED TO CONGRESS APRIL 16 WOULD AUTHORIZE DISPOSAL OF TOTAL INVENTORY, IN KEEPING WITH NEW
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STRATEGIC STOCKPILE OBJECTIVE OF ZERO FOR COPPER. IN EVENT THIS COPPER DISPOSAL IS AUTHORIZED, PRESENT GSA PLANS CALL FOR TRANSFER OF ENTIRE QUANTITY TO US BUREAU OF MINT FOR ITS USE IN COINAGE AS NEEDED. NONE OF THE COPPER SO DISPOSED WOULD, THEREFORE, ENTER NORMAL COMMERCIAL MARKETS.

3. EMBASSY' S PROPOSED RESPONSE TO MOFA NOTE (PARA 3 REFTEL) IS CORRECT WITH TWO EXCEPTIONS:

(1) AS COPPER IS ONLY STOCKPILE MATERIAL OF SERIOUS CONCERN TO ZAMBIA AND COPPER INVENTORY HAS LONG BEEN FAR BELOW FORMER OBJECTIVE OF 775,000 TONS, EMBASSY SHOULD DROP REFERENCE TO DISTURBING EFFECT EXISTENCE OF STOCK-PILE HAS HAD ON WORLD MARKET (SENTENCE BEGINNING " ASIDE FROM QUESTION," PARA 3 REFTEL). ONCE VIETNAM WAR- INDUCED DISPOSALS CEASED AND COPPER INVENTORY STOOD FAR BELOW STOCKPILE OBJECTIVE, USG HOLDING OF QUARTER- MILLION TONS DID NOT BY ITSELF CONSTITUTE THREAT TO COPPER PRICES. COPPER PRICE ON U. S. MARKET HAS GONE FROM AVERAGE OF 36.6 CENTS PER POUND IN 1966 TO PRESENT LEVEL OF 60 CENTS.

(2) SO LONG AS GSA ADHERES TO PLAN TO TRANSFER ALL ITS COPPER TO MINT, USG INTENDS TO INFORM RATHER THAN CONSULT WITH FOREIGN PRODUCER GOVERNMENTS OR ORGANIZATIONS. USG VIEWS SUCH TRANSACTIONS AS INTRAGOVERNMENTAL TRANSFER OF MATERIAL WHICH WAS PURCHASED ON COMMERCIAL MARKET FOR ITS EVENTUAL USE; AS STRATEGIC REQUIREMENTS HAVE BEEN REASSESSED AND COPPER IS NOW SURPLUS TO THOSE REQUIREMENTS, USG INTENDS USE STOCKPILE COPPER IN LIEU OF COPPER FROM OTHER SOURCES. WHILE CONSULTATIONS NOT RPT NOT TO BE HELD IN SUCH CASES, USG WILL PROVIDE FULL INFORMATION TO FOREIGN PRODUCER GOVERNMENTS AND CIPEC. LAST SENTENCE PARA 3 REFTEL SHOULD BE ALTERED ACCORDINGLY.

4. EMBASSY MAY INCLUDE FOLLOWING STOCKPILE INFORMATION IN ITS RESPONSE OR IN SEPARATE PRESENTATION. COPPER STOCKPILE NOW CONSISTS OF FOLLOWING (ALL FIGURES SHORT TONS):

OXYGEN FREE HIGH CONDUCTIVITY (OFHC)	60,100
OTHER COPPER	191,500

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CATHODES	79,700
BARS	84,300
RODS	26,200
MISCELLANEOUS	1,300
SUB- TOTAL	191,500
BERYLLIUM COPPER MASTER ALLOY	7,100
TOTAL, ALL FORMS	258,700

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5. DEPARTMENT HAS REQUESTED MINT TO PROVIDE AS MUCH INFORMATION AS POSSIBLE ON ITS PLANS TO USE STOCKPILE COPPER IN EVENT LEGISLATION PASSES. MINT' S RESPONSE WILL BE COMMUNICATED TO PRODUCER COUNTRIES AND CIPEC FOR INFORMATION. RUSH

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*** Current Classification *** LIMITED OFFICIAL USE

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